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ORIGINAL

October 16, 2008

Docket Control
Arizona Corporation commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: Arizona Public Service's Application for the Sale of Certain Distribution Assets and Deletion from its
CC&N of Certain Areas in Pinal County
ACC Docket No. E-01345A-08-0426

Dear Sir or Madam:

On August 25, 2008, Ms. Nancy Rollins filed a letter with the Arizona Corporation Commission's above-mentioned docket. In this letter, she expressed concerns related to her plans to install solar panels and her solar incentive. APS personnel have been working closely with Ms. Rollins to accommodate her specific needs as well as prepare for similar transitional inquiries from other customers that might arise.

Attached please find both APS's letter in response to customer Nancy Rollins dated October 14, 2008 and one from Electrical District No. 3 of Pinal County, dated September 5, 2008.

If you have questions, please contact me at 602-250-2709.

Sincerely,




Susan Casady

Enclosure

Cc: Alexander Igwe
Steve Olea
Vicki Wallace

Arizona Corporation Commission
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AZ CORP COMMISSION
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Tony J. Tewelis
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PO Box 53999
Phoenix AZ 85072-3999

October 14, 2008

Ms. Nancy Rollins
5158 North Branding Iron Road
Maricopa, AZ 85239

RE: APS Renewable Energy Incentive Program

Dear Ms. Rollins:

Daniel Froetscher asked that I write you in regards to your questions about the APS Renewable Energy Incentive Program.

I understand from Daniel that you reside in Maricopa, AZ, within an area that APS has made an application to the Arizona Corporation Commission ("ACC") to sell its distribution assets to Electrical District Number Three. I also understand that you are seriously considering the purchase and installation of a rooftop solar system and expressed concerns about whether the incentives available to APS customers who install qualifying rooftop solar systems would in fact be available to you.

I also understand you have spoke with Eran Mahrer regarding the APS Renewable Energy Incentive Program. Eran and I have spoken, and I am happy to advise you will be eligible for the APS Renewable Energy Incentive Program provided a reservation is confirmed and the eligible system is installed and interconnection approved by APS while you are still an active APS customer. A copy of the reservation application for grid-tied photovoltaic incentive can be found at <http://www.aps.com/files/SolarRenewable/ResPVGridTiedApp.pdf>.

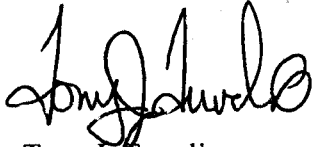
The pending transaction between APS and Electrical District Number Three does not have, at present, a defined timeline, although the issue will eventually be heard by the Arizona Corporation Commission. An audience with the ACC on the sale of the distribution assets and the associated impact to customers could materialize as early as November, or could extend for several months beyond that date. In the meantime, your service with APS will continue and ensures your eligibility for the Renewable Energy Incentive Program ("Program"). If your status as an APS customer should change prior to the completed interconnection of your system, APS will not be able to provide you with a Renewable Energy Incentive payment.

The Program does have specific eligibility criteria regarding the solar panel system design, interconnectivity to the APS grid, and other related matters. For assistance you may contact our Program Coordinators at (602) 328-1924 (or via e-mail at dg_interconnect@aps.com). They can

discuss these items in greater detail, as well as providing you some guidance with regards to the APS rate plans that correspond to residential solar installations.

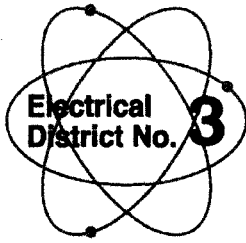
Thank you for the opportunity to be of service. We appreciate your interest in Renewable Energy.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tony J. Tewelis', written in a cursive style.

Tony J. Tewelis
APS Renewable Energy

cc: Jennie Vega, APS
Cynthia Janka, APS
Daniel Froetscher, APS
Eran Mahrer, APS
William Stacy, ED-3



ELECTRICAL DISTRICT NO. 3 OF PINAL COUNTY

District Administration
41630 W. Louis Johnson Drive
Maricopa, AZ 85238-5402

Main (520) 424-9311 • Fax (520) 424-3281
www.ed-3.org

September 5, 2008

Ms. Nancy Rollins
5158 N. Branding Iron Road
Maricopa, AZ 85238-5402

RE: ED3 SERVICES AND YOUR SOLAR ROOF PROJECT

Dear Ms. Rollins:

Thank you for meeting with Electrical District No. 3 of Pinal County ("ED3") to discuss your solar project and allowing District staff to explain the transition to ED3 services.

ED3 has been on a fast track to greatly improve its system and services for the almost 20,000 customers served over the ED3 system. ED3 has greatly improved its reliability and extended services to many new customers and the District has worked diligently with APS to clean up the ED3 service area toward becoming a single unified service and being the responsibility provider for the region. The effect of this effort is good public policy, efficiency, increased safety of our crews and equipment, as well as, our customers. Whether APS or ED3, customers' services have been provided off of the ED3 system for many decades. By avoiding duplicate facilities and responsibilities, the District also believes it will be economically efficient in the long run for both companies, and therefore, the end use customers in our service area.

Regarding your specific needs, the District has agreed to use the recently adopted ED3 Renewable Policy to match the opportunity APS would have provided so you are kept whole and the District can accommodate your needs. ED3 supports renewable energy as the District has approximately 30% of our supply from hydropower and ED3 has implemented tremendous conservation programs with our largest customer, the Irrigation District to manage its pumping loads to trim peak demands. As renewable sources become more attractive in the market place, ED3 will continue to exercise opportunities to use more renewables and expand conservation practices.

In order to smooth the transition for the new ED3 customers switching from APS, ED3 has agreed to waive the initial deposits and establishment fees, typically required for new customers recognizing the APS customers are not "new customers" per se. ED3 believes this policy will make the transition much more transparent to the customers as they are switched. If a customer becomes in arrears, however, a deposit will be required from the customer to restore service at such time.

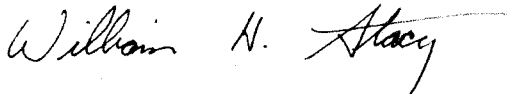
The District will also implement a net metering program similar to APS. Because your actual transition may not occur for some months, ED3 is discussing with APS your ability to move ahead with APS, and when your account is transferred, ED3 will have its net metering program in place to provide the same economics and service bargain you have with APS. It is the District's intent to make your services with ED3 equal to APS' and transparent in the transition of services. ED3 will obviously need a few days to confirm all of the necessary components with APS, as they have had a little more time to work out the details of net metering. But ED3 is intent on making your service with ED3 comparable or better than what you have today.

ED3 thanks you for taking the time to articulate your issues, and meet with District staff to explain your situation. ED3 does not have the details worked out for each customer's situation, but District staff is working toward that goal every day. The District has significantly improved the system during a time when the major substation serving the whole area was rebuilt and relocated. It was over 60 years old at the time. ED3 has had storm outages and system challenges as the District has rebuilt a significant portion of the northern part of the system while extending underground service to 15,000 new customers.

ED3 has been working on comparable customer policies and services for some time, and District staff will continue to work hard in this area as the challenges of the changing energy industry are moving utilities toward new energy solutions. The District has some work to do, but ED3 hopes you will join us and continue to provide input so the District can continue to improve its service.

Please call me at any time to discuss your specific situation and our progress.

Sincerely,

A handwritten signature in cursive script that reads "William H. Stacy".

William H. Stacy
General Manager
Electrical District No. 3 of Pinal County

c: Arizona Corporation Commission
Arizona Public Service Company